TOKYO GAZETTE

A MONTHLY REPORT OF CURRENT POLICIES, OFFICIAL STATEMENTS AND STATISTICS

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OUR NATIONAL POLICY REMAINS UNCHANGED

—An Address Delivered at the Gubernatorial Conference, May 2nd, 1938—

PRINCE FUMIMARO KONOE, PRIME MINISTER

ON this occasion I wish to express to you, first of all, my heartfelt gratitude for your unsparing and unceasing labours in behalf of the country since the outbreak of the China Affair. The present Affair, as you are well aware, has now entered a new phase and a new policy of having no dealings with the Chiang regime has been in force for these several months, in place of the former policy of urging that regime to reflect upon its errors. This policy will remain; under no circumstances will Japan turn back until the Nationalist Government has been completely chastised—in other words, until it is put out of existence. At the same time she will, as she has been doing, take definite steps for concentrating her human as well as material resources in the task of fostering and developing new regimes organized in North and Central China on the basic principles of anti-Communism and Sino-Japanese collaboration.

Such is the situation we are now confronting, the seriousness of which is truly unprecedented in the history of our Empire. Prolongation of hostilities is a policy long advocated by General Chiang Kai-shek and employed now as a basis for propaganda to maintain the life and strength of the Nationalist Government which has been reduced to straits. Accordingly, Japan is prepared to spend any amount of time in destroying the Chiang regime, which is resorting to all means available for resisting Japan, and thereby to eradicate the root of evil in East Asia. This course of action adopted by our Empire, as I have stated, will never be changed until the end is gained. You are called upon, therefore, to make further endeavours for the successful execution of this established policy.

National Life Must be Organized

At the 73rd session of the Imperial Diet the will of the entire nation was reflected in the deliberations which resulted in the approval of a budget amounting to 8,000,000,000 yen as well as of 86 legislative bills, including those concerning National Mobilization and State Control of Electric Power, which embody essential governmental

measures.

To administer these laws and to carry out the budget, needless to say, utmost care must be taken. May I remind you in this connection of the importance of measures covering and consolidating the home front. These measures are of the greatest importance in the state of affairs in which we are still far from attaining our objective. The Government has therefore taken steps for meeting the exigencies of the hour, including establishment of the Institute for Wounded Soldiers under the jurisdiction of the Department of Welfare, which steps, we are convinced, will bring the results desired. Furthermore, to cope with changing situations and thus to ensure the achievement of our ultimate purpose, it is most urgent that the national life should be so organized as to be perfectly prepared for the mobilization of all its spiritual and material resources. The adjustment of supply and demand of commodities and the augmentation of productivity are essential measures for effecting completion of such a realignment; they must be carried out.

To exercise economy in the consumption of commodities and to plan for increase in the nation's savings are also imperative measures. However, they can be successfully executed only through the determined efforts of the entire nation. All members of the nation must be reminded once again that the desires of individuals must be controlled for the sake of harmony of the whole. The realization of such an ideal state of national life depends to a considerable extent upon whether the nation comprehends the full significance of the present emergency and whether, acting upon that comprehension, all its members are voluntarily cooperating in the pursuance of the national policy. When we talk of the living expression of the Japanese spirit in everyday life, it means, to my mind, the actual practice of this principle of controlling self for the sake of the whole, which is the only way of serving the country on the home front. Your attention to this most important point and your endeavours for promoting principles and practice along the line just mentioned are particularly requested.

Enlightenment is Needed

Since the outbreak of the present Affair, I have noticed many touching and inspiring instances of manifestations of the Japanese spirit on the China as well as the home front and have felt through them the breath of advancing Japan. They are certainly reassuring. Activities based upon this spirit alone can extirpate deep-rooted ideas and policies standing for anti-Japanism and collaboration with the Comintern. Founded upon the same spirit and conviction the history

of the Japanese Empire has run its glorious course. The present conflict with Nationalist China and whatever contributions to be made in the future to world civilization are none other than phases of the historical development and manifestation of the spiritual life of the Japanese people. I pray that the righteous motives of Japan and the true picture of advancing Japan may be made known to the rest of the world, even to the remotest corners of the earth. Every member of the nation, I am firmly convinced, can and must perform this task of enlightenment at all times and in every way possible to him.

Imperial Command is Given

The current year is marked by the 50th anniversaries of the promulgation of the Constitution and the promulgation of the Law concerning the system of local self-government. Several weeks ago we commemorated the two anniversaries in close succession. On both occasions most gracious Imperial Messages were granted to us and we were all profoundly moved. In particular, I was filled with awe to hear one and the same significant Imperial Command on the two occasions. On the former occasion His Majesty commanded us to " be just in the highest degree and have no self-interests " and on the latter occasion to " abandon self and act for the public good," thus repeatedly pointing out the way for us to serve our country. I earnestly hope that the entire nation, in obedience to this Imperial Command, will serve the country in truth and loyalty in the respective fields of activities.

As for the measures to grapple with the current situation, they will be explained to you in detail by the ministers in charge. Let me conclude now with the earnest request that you will execute these measures thoroughly and efficiently, in obedience to the Imperial Command and in accordance with ministerial instructions.

TAX INCREASE AND REVISION

DEPARTMENT OF FINANCE

AT the 73rd session of the Imperial Diet, 13 laws relating to internal taxation were approved. These may be classified roughly in the following four categories :

1. Laws relating to tax increases to meet a part of the expenditures made in conjunction with the China Affair : the China Affair Emergency Tax Law ; the Law for Revision of the Temporary Profit Tax Law.

2. Relating to tax reductions and other emergency taxation measures to meet the present situation : the Emergency Taxation Measures Law.

3. Relating to partial revisions of former tax laws : Laws Amending Seven Tax Laws, namely the Temporary Tax Increase Law, the Income Tax Law, the Succession Tax Law, the Registration Tax Law, the Brewery Tax Law, the Beer Tax Law, the Alcohol and Alcoholic Beverage Tax Law.

4. Relating to other matters of taxation : the Law Amending the Law Relating to the Enforcement of the Income Tax Law (Law No. 12 of 1920) ; the Law Concerning Mutual Assistance in Collection of National Taxes in Japan and Manchoukuo ; the Law Relating to Treatment of Foreign Public Loans Floated in Japan.

Explanations given here will cover chiefly the laws relating to tax increases and the Emergency Taxation Measures Law ; those relating to partial revisions of various other tax laws will be summarized briefly.

Principles Underlying Tax Increases

The military expenditures in connection with the China Affair, for which more than 2,500 million yen had been appropriated at the 71st and 72nd sessions of the Imperial Diet, increased further. The Diet at its 73rd session approved the Supplementary Budget of Emergency Military Expenditures amounting to 4,800 million yen.

For the greater part of the funds to meet this supplementary budget the Government is depending on public loan issues, but it

is considered appropriate that part of the expenditures of war be met by taxes. From the financial standpoint, expenditures should be covered as far as possible by taxes and other ordinary sources of revenue, although the extent of tax increases must be limited so that further expansion of the nation's industries, in particular the plans for augmenting productivity, may not be hampered and so that stability in the livelihood of the people may not be menaced. From this viewpoint, the extent of the present tax increases—approximately 303 million yen for a normal fiscal year—is considered appropriate.

In effecting this increase the Government has striven to assure fairness in imposing taxes upon the people of all classes ; endeavours were made to keep the increased impositions in conformity with the tax bearing ability of those in different classes as determined under the existing taxation system. Increases were sought chiefly in the income tax and other direct taxes. The Temporary Profit Tax was revised so that proportionally heavier increases have been made in the levies on enterprises whose profits have increased conspicuously on account of the present Affair. Simultaneously, care has been taken to minimize increase in rates of indirect taxes ; in unavoidable cases, increases were effected in the impositions on commodities mostly consumed by those having comparatively greater tax bearing ability.

Essential Points in the Plan for Increasing Taxes

Under the present plan the Government has increased the income tax, the temporary profit tax, the corporation capital tax, the sugar excise and tax on bourses, and has created the dividend tax, the bond and debenture interest tax, the transit tax, the admission and special admission tax, and the commodity tax. The legislative measures for these were provided by the Law Amending the Temporary Profit Tax in the case of increases in impositions on temporary profits, and by the China Affair Emergency Tax Law in the case of increases in all other categories. These two laws are to remain in force for one year after the termination of the China Affair. With the coming into force of the China Affair Emergency Tax Law, the North China Incident Emergency Tax Law was abolished.

I. Income Tax

1. *Class* 1 *Income Tax*

This tax, on the income of corporations, has been increased by 22.5 per cent. However, as it had been increased by about 10

per cent under the North China Incident Emergency Tax Law, the new net increase is limited to 12.5 per cent. The rate of the excess profit tax has been raised by 10 per cent as in the case of the superseded emergency law. In consideration of special cases in which corporations are liable to be subjected to excessively heavy tax burdens as the result of the increases in the income tax and temporary profit tax, maximum limits of these two taxes have been set up, so that such burdens on corporations may be alleviated.

2. *Class 2 Income Tax*

The rates of this income tax on interest on public bonds, debentures and bank deposits have been increased, in principle, by about 25 per cent. As these rates had been increased by 5 per cent under the previous law, the present increase is about 20 per cent. Indiscriminate increase here has been avoided from the standpoint of smooth assimilation of public loans and supply of funds for industries, and only moderate increases have been effected in the rates on those items which are likely to affect adversely the prevailing standard of money rates and the terms of issue of public bonds and corporate debentures. For example, no increase has been made in the rate on interest on Government bonds bearing an annual interest of less than 4 per cent, while only slight increase has been made in the rates on interest on local public bonds and debentures bearing interest of less than 4.5 per cent per annum, interest on bank deposits and profits from trust loans.

3. *Class 3 Income Tax*

This tax, on incomes of individuals, has been increased by 22.5 per cent. As it was raised previously by 10 per cent, the actual increase now is limited to 12.5 per cent. Giving consideration to certain cases where the present tax increase may impose excessive burdens on individuals, maximum limits of levy have been fixed as in the case of the Class 1 income tax.

On the other hand, the minimum taxable limit of Class 3 incomes has been lowered from the former 1,200 yen to 1,000 yen. As the result, the number of taxpayers has been increased by approximately 400,000. The principle of this arrangement is to have people in general share the burden of the expenditures in connection with the present Affair. However, the newly created taxpayers are to be subject to the tax at the former rate, instead of at the increased rate.

II. Temporary Profit Tax

With the continuation of the China Affair, considerable increases have been made in earnings of many individuals as well as corporations in munition and allied industries. This tendency is expected to continue in the future. It is logical that these should bear more of the expenditures relating to the present Affair for the equalization of the tax burden under the emergency situation. From this point of view, the revised temporary profit tax retains the 15 per cent increase imposed under the North China Incident Emergency Tax Law, besides having an additional imposition on the portion of profits exceeding those of the annual average earnings for the three years of 1934, 1935 and 1936. This latter imposition is to be made at the rates of 30 per cent on corporations and 20 per cent on individuals. With a view to alleviating the burden on small companies, however, the rate of tax to be levied on a company with capitalization of less than 100,000 yen is fixed at 25 per cent.

III. Dividend Tax and Bond and Debenture Tax

The dividend tax and the bond and debenture interest tax are exactly similar to the special tax on dividends and the special tax on interest on public bonds and debentures created under the North China Incident Emergency Tax Law. When a company's dividend exceeds 7 per cent per annum, an excess portion of such dividend shall be subject to the imposition of the dividend tax at the rate of 10 per cent; when interest on national bonds exceeds 4 per cent per annum, and when that on local public bonds and debentures exceeds 4.5 per cent per annum, an excess part of such interest shall be subject to the bond and debenture interest tax at the rate of 10 per cent.

IV. Corporation Capital Tax

The rate of this tax has been increased by 20 per cent from the former 1/1000 to 1.2/1000 of capital.

V. Sugar Excise and Tax on Bourses

After giving due consideration to actual conditions in production and consumption of various kinds of sugar, sugar excise rates in general have been raised by approximately 8 per cent. While the sugar excise is levied in principle at the time of delivery from factory or bonded zone, a period of grace of six months had hitherto been allowed for collection in case security was offered. However, this period has been shortened to three months under the new tax plan.

The rates of the tax on bourses have been increased by about 33 per cent to 6/10000 on security transactions in long-term trading and by 48 per cent to 4/10000 on those in short-term trading.

VI. Transit Tax

The transit tax, which was created at the time of the Russo-Japanese War, was in force for more than 20 years until March, 1926. It was imposed even on railway passengers travelling short distances. The newly created transit tax, however, is not imposed on third-class passengers travelling under 50 kilometres. Nor is it levied on the commuters in urban or suburban districts travelling third-class. The new transit tax is levied according to distance and classes of passengers, the rates on the third-class passengers ranging from the minimum of 2 sen (50 to 100 kilometres) to the maximum of 40 sen (800 kilometres or more), those on the second-class passengers from 3 sen (50 kilometres or less) to ¥1.20 (800 kilometres or more) and those on the first-class passengers from 6 sen (50 kilometres or less) to ¥2.40 (800 kilometres or more).

VII. Admission Tax and Special Admission Tax

A 10 per cent admission tax is levied on persons who enter theatres, moving-picture houses, variety halls, other shows, race tracks, expositions, exhibitions, playgrounds, etc. (Class 1 places) and those who utilize dance halls, mahjong parlours, billiard parlours, golf links and skating rinks (Class 2 places). However, persons who enter Class 1 places are being exempted from the tax when the admission is below 23 sen per person.

The special admission tax is imposed on spectators at amateur athletic performances at the rate of 10 per cent of admission charges. As in the case of the admission tax, this tax is not being levied when the tariff is below 23 sen per person.

VIII. Commodity Tax

The emergency tax on commodities which was created under the provisions of the North China Incident Emergency Tax Law has been revised into the present commodity tax, and the scope of its application has been enlarged. Commodities subject to this tax are divided into three groups, the tax on Group 1 being imposed on retail merchants on the basis of retail prices, and that on Group 2 against manufacturers on the basis of prices on delivery from factories. The tax on Group 3 is an innovation. It is imposed on articles newly

added to the taxable list consisting of alcoholic beverages and matches which are subject to the imposition on the basis of quantity at the time of delivery from the factories. For each of the commodities in Group 1, minimum taxable limits are fixed, while the tax is not to be levied on those articles which are considered daily necessaries of the masses. Whereas the former emergency commodity tax was imposed on all commodities at the flat rate of 20 per cent, the rates of the new tax range from 10 to 15 per cent according to kind. The specific rate of 5 yen per koku (about 39.7 gallons) is levied on sake, shirozake, mirin, shochu (native liquors) and beer, and 7 yen per koku on alcohol and alcoholic beverages including whisky and brandy, while wines are subject to the rate of 10 yen per koku. The rate on matches is 5 sen per 1,000 sticks.

It is estimated that the foregoing laws concerning taxes will bring an aggregate increase of more than 303 million yen to the Treasury for each normal fiscal year. 115 million yen is expected from the income taxes, 39 million yen from the temporary profit tax, 39 million yen from the dividend tax, two million yen from the public bonds and debentures interest tax, three million yen from the corporation capital tax, eight million yen from the sugar excise, nine million yen from the bourse tax, eight million yen from the transit tax, 10 million yen from the admission tax and special admission tax, and 64 million yen from the commodity tax.

Outline of the Emergency Taxation Measures

In drafting the present tax increase plan, the Government has adopted the policy of imposing heavier tax burdens upon earnings in those sections of society where profits have increased considerably under influence of the China Affair, with a view to equalizing the tax burden on different sections of the people under the emergency. The authorities have also noted that many persons have been heavily handicapped owing to the governmental measures for coping with the emergency situation. They have felt it necessary to make arrangements for a special alleviation of the financial burden of these persons. Again, since it is necessary to increase production of various important minerals and to economize in consumption of raw cotton, the Government has adopted taxation measures contributing to the realization of these purposes. The Law Concerning Emergency Taxation Measures authorizes the Government to carry out these tax reductions and other measures which are necessary under the China Affair. The essential points of these measures are listed below.

1. In view of the fact that some independent farmers, small

traders and industrial operators have, directly or indirectly, suffered adverse effects from the China Affair so that their earnings have decreased, it has been arranged that, in case profits from their farm land or business have been reduced by 25 per cent or more as against the average annual profit for the three-year period from 1934 to 1936, the land tax or business profit tax on them is to be lowered by 20 to 50 per cent according to the extent of reduction in income.

2. With a view to encouraging greater production of important minerals which Japan needs today, it has been arranged to exempt gold, copper, zinc and other principal mineral ores from the imposition of the mineral production tax or the special mineral production tax, provided that the mining operations have newly been begun or that the quantity of production exceeds the output for 1937. Meanwhile, a special tax on placer lots has been created on placers other than those for alluvial gold in order to revive suspended mines and to increase the total production.

3. In order to contribute to economy in consumption of raw cotton, it has been arranged that textiles made of staple fibre or hemp-mixed cotton yarns or those made of rayon and cotton yarns at certain ratios shall be exempted from the textile consumption tax.

It is estimated that these measures will cause a reduction of about 4 million yen in receipts from national taxes and of 6 million yen in those from local taxes.

Partial Revision of the Existing Taxation System

While general reform in central and local taxation systems has been postponed on account of changes in the basic factors underlying taxation owing to the outbreak of the China Affair, the following partial revisions have been made with a view to adjusting as far as possible the burden imposed on the people by the current system.

1. *The Temporary Tax Increase Law.* Under this law, income taxes and succession taxes on individuals had been increased somewhat roughly with extra rates imposed on upper brackets. Under the current revision, moderate progressive rates have been adopted.

2. *The Income Tax Law.* An income tax will be imposed on retirement allowances or other allowances of like nature in excess of 5,000 yen, and also on postal annuities after deducting the amounts of premiums paid. The income tax has also been imposed on the inhabitants of the Ogasawara Islands and the seven islands of Izu.

3. *The Succession Tax Law.* This law has been so revised that

the tax shall be levied in principle on all inherited property on a composite basis, irrespective of location. Another change made is that when a successor receives life insurance money or other special allowances in excess of 5,000 yen due to death of the succeeded, the excess portion is to be included in the property to be assessed.

4. *The Registration Tax Law.* Alleviation is made in the rates of this tax against the acquirement of ownership of real estate through transaction or donation, with a view to lessening the tax burden on holders of immovable property.

5. *The Brewery Tax Law.* A licence system has been adopted with regard to sale of liquors, beer, other alcoholic beverages and alcohol in order to insure perfect application of the brewery tax. The Laws Concerning the Sake Tax, the Alcohol and Alcoholic Beverage Tax and Beer Tax have been revised accordingly.

EMIGRATION OF JAPANESE YOUTHS TO THE CONTINENT

DEPARTMENT OF OVERSEAS AFFAIRS

FROM times past, the training of sturdy and single-hearted young Japanese in Manchuria, the actual site of their future activities, for successful leadership in the work of colonizing that part of the Asiatic continent has been advocated by certain leaders in Japan. On a small scale this has already been tried out. The Government has recognized the need and wisdom of this policy with the result that the decision has been made to send 30,000 boys and young men to the Continent, beginning with the 1938 fiscal year.

Now that the Imperial forces have inaugurated the historic task of laying the foundation for permanent peace in East Asia, it is time for the Japanese people to make peaceful advance in the Asiatic mainland on a large scale. Should they fail to become the real leaders of the peoples with less experience in modern civilization, the peace of the Orient can never be established in essential terms. As a matter of fact, Japanese for the most part are not free from insular ways of thinking as they have remained an isolated, insular people for so long. This trait, if retained, may work to a certain extent against the ability of Japanese to live in harmony with native races and consequently disqualify them for continental colonization.

In view of the future development of the Japanese Empire, it may even be advisable to offer facilities to allow all Japanese to know and understand the Continent through training there for a certain period in their early life or by other means. The new measures adopted by the Government for training young emigrants on the spot for the period of three years form a step in realizing this ideal. These youths are constituting the vanguard of the Japanese people in their advance overseas ; they may be regarded as soldiers of peace carrying the ideal of the Japanese people, the ideal of " the whole world as one family," to the Asiatic mainland. Much is expected of them by the State.

Turning to conditions in agrarian communities at home, we face the deplorable fact that not less than 200,000 youths who have reached the employable age, which is about 15, leave their homes seeking employment. When we include those young men who are facing dreary prospects for the future even after gaining

employment, the number of unemployed and underemployed will amount to enormous figures.

The question of the lowering of the physical standard of the rising generation, which has been seriously studied of late, has to do greatly with lack of comfort, encouragement and hope in their economic life. To offer them, therefore, fields sufficiently large to satisfy their activities and to enable them to give full scope to their energy is not merely in keeping with the national purpose of continental expansion but also works directly for mitigating economic pressure placed upon those remaining at home. The matter of improving their physique thus will be solved easily and naturally.

From the point of view of Manchoukuo, again, their presence in the interior will certainly prove to be of service in guarding railways and insuring peace and order at large, and will have the result of expanding the lines of communications. Such services, however, are of secondary value. The primary and essential purpose of the organized emigration of youths lies purely and simply in continental colonization. It is a sound step in successfully carrying out the continental policy which constitutes a permanent problem for the Japanese people. This new system of emigration will be a strong reinforcement to that of the collective agricultural emigration of adults already in operation, under which 3,400 families have already been sent and 6,000 families will be sent to Manchoukuo during the present fiscal year. To this number of families 30,000 youths will be added in the same period. It should be remembered in this connection that the collective adult emigration programme in operation since 1937 is drawn up on the basis of 1,000,000 families to Manchoukuo within the period of 20 years.

Beginnings and Development of the New System

To train single-hearted young men and boys for colonial leadership on the Continent where climatic, geographic and cultural conditions differ greatly from those of their homeland is a serious task which calls for careful planning and preparation. The present system has, in reality, developed out of a series of experiments conducted by far-sighted leaders of the emigration movement during the past four years.

The pioneer group in this field was composed of boys who entered a training institute, a kind of boarding school established by a few men of vision, in Jooho, Sanchiang Province, a border town on the southern side of the Ussuri. This institute served as an experimental station. The group was made up of 14 boys and young

men from 15 to 20 years of age. Training was conducted under the following guiding principles: (1) to improve the spiritual life as the basis of all progress; (2) to foster the spirit of self-sacrifice and to effect unity among Japanese; (3) to realize the mission of the Japanese people.

The individual members of this group, though suffering frequently from hardships and privations, have come through in splendid shape and now enjoy the prospect of a bright and promising future. Their number has increased to 80.

The second group was composed of 293 boys and young men sent to a training institute in Nenchiang, Lungchiang Province. These youths had received a preliminary training of one month in the Uchihara Farm in Ibaraki Prefecture prior to their departure in August and September, 1937 for the institute in Manchoukuo. They were subsequently joined by another unit of 27 boys, forming a total of 320. With a site located in the midst of vast fields of virgin soil and gently sloping hills, the institute is an ideal place for such an experiment. Under the new system, therefore, it is planned to extend this institute to accommodate 10,000 young men and boys.

An Outline of the New System

Under the new system the Government contemplates sending out 30,000 youths during the 1938 fiscal year, recruiting them by proportionate allotments from prefectures throughout the whole country. They are to receive a preliminary training of two months at a training institute in Japan and then will be sent to Manchoukuo to receive on the spot, for a period of three years, a general training in improving their physical, mental and spiritual life as well as technical training in agriculture and related subjects. After completing this three-year training they are to work as independent members of the collective emigration which will be developed simultaneously.

For the operation of this system of emigration the Department of Overseas Affairs takes full responsibility; other Departments, such as War, Agriculture and Forestry, Welfare, Railways and Communications are cooperating within their respective jurisdictions. Private institutions such as the Society for Promoting Migration to Manchuria, Society for Promoting Regeneration of the Agrarian Communities and Union of Young Men's Associations of Japan are also assisting in their respective fields of activities. Prefectural, municipal, town and village offices as well as local organizations for promoting emigration will take charge, as a matter of course, of local

affairs relating to this system of emigration.

Any youths from 15 to 18 years of age are qualified to apply for the training, on the recommendation of heads of local governments, principals of local schools or presidents of local young men's associations. Those who have successfully undergone the physical and oral examinations are allowed to enter the institute for preliminary training.

Training Institute at Home

The training institute at home is established at Nakahara, Ibaraki Prefecture, situated to the northeast of Tokyo on the Pacific coast. Its purpose is this : since these young emigrants form the vanguard of the advance of the Japanese people on the Continent, they are required to stand firmly on one consistent spiritual basis, which in turn calls for a unified spiritual training at the centre where groups of at least 10,000 at a time from different parts of the Empire can be brought together. Thus the traditional spirit of the Japanese people, the spirit motivating and guiding the work of continental colonization, is infused deep into their minds.

The camps in which they live while under training are of quite a primitive type, in keeping with the ideal and spirit of the training. The young men live in groups of 60 which form a squad. Five squads make up a company which is under command of a training leader. Their daily programme is somewhat as follows : rising at 6. a.m., morning service at 6.30 ; class work, military training and practical exercises from 9 to 11:30 ; in the afternoon, practical exercises and military training from 2 to sunset ; and in the evening, study-period until 8.30, evening service at 8.30, going to bed at 9 o'clock.

Training Institutes on the Continent

After completing the preliminary training at home the emigrating youths receive a three-year training on the spot in Manchoukuo. Training institutes are at present five in number : the Nenchiang Institute in Lungchiang Province, the Shalanchen Institute in Mutonchiang Province, the Teihli Institute in Pinchiang Province, the Poli Institute in Sanchiang Province, the Sunwu Institute in Heiho Province.

Of the 30,000 youths who will be admitted during the 1938 fiscal year, 10,000 will be sent to the Nenchiang Institute, 7,000 to the Shalanchen Institute, 5,000 each to the Teihli and Poli Institutes, and 3,000 to the Sunwu Institute. They are, in principle, to be

grouped according to their home prefectures and it will be so arranged that those from the same prefectures will be sent to the same institute. The sites of these institutes are all situated on elevated ground and extend to 50,000 to 120,000 acres. They are favoured by good water, well-established peace and order, and adequate transportation facilities.

The general arrangement of the institute may be summarized as follows: the general headquarters is situated at the centre, around which headquarters of battalions, with companies and squads under them, are placed. The institute which holds 10,000 youths has five battalions as a rule. A battalion comprises 6 companies, a company 6 squads, and a squad is made up of 60 members. A company is made as the basic training unit which is under a commander with three assistants who are in charge of agricultural and military training and of general affairs. To battalion headquarters physicians and nurses are attached.

The plant comprises 1,045 buildings, of which 200 are dormitories, 90 storehouses, 30 auditoriums. As for the equipment, it comprises trucks, tractors, hospital equipment, arms, and machinery and tools necessary for agricultural and other purposes.

When the boys and young men arrive from Japan, they will be placed in these dormitories, but after a time they will be taught to build their own barracks, thus undergoing training in their future housing problems. Furthermore, as each will be provided with a farm of 5 acres for training purposes, they can live on the products of the farms in their own charge from the second year of their training.

The training course consists of 500 hours of class work, 300 hours of military training, and 800 hours of practical exercises. The class work includes such subjects as the Manchoukuoan language, history, geography, agriculture and live-stock breeding. Their daily programme is to be somewhat along the line of that at the Institute at home. As all the necessaries of life, including clothing, are to be provided free while under training, they will not be in need of any pecuniary or other help from home.

The Future of the Individual

After completing training these youths are, for the most part, to be taken into the collective emigration groups. Thus they will each be given a farm of 20 acres together with a subsidy of about 1,000 yen. They will also be provided with certain acres of land to be used as a ranch which is to be in the nature of joint property held

by the group forming a village. This village is planned to be made up of 300 families. Sixty trained young men will be sent out to do pioneering work for the village. Their leader during the period of training, the experts who trained them in agriculture and live-stock breeding, and the physician who cared for them will accompany them. After a year of labour they will be ready to welcome the main body of the village. All villagers will live in ten groups within an area of about 10,000 acres. Within a few years, it is anticipated that these trained emigrants will become full-fledged proprietors of prosperous farms and will be sturdy bearers of the spirit and traditions of the Japanese people on the Asiatic continent.

With regard to the actual working out of the new plan, 7,700 youths have already been selected from among some 10,000 applicants as members of the initial group to be trained under the new system. It is encouraging to note the fact that these 10,000 volunteers sent in their applications within a few weeks after publication of the plan.

RECENT TRENDS IN LABOUR DISPUTES IN JAPAN

DEPARTMENT OF WELFARE

PRIOR to the World War, labour disputes in Japan, with no more than a few score annual cases, constituted a rather negligible factor in national life. Given impetus, however, by the War, which provided Japanese industry with an unprecedented opportunity to advance and simultaneously stimulated the Japanese mind to be enthusiastic in absorbing new ideas from the West, the number of disputes, beginning roughly with the 1916–17 period, showed a marked increase. Cases involving improvement of the standard of living invariably formed the basis of the demands made by industrial workers.

The peak was reached in 1931 with 2,456 cases, of which 998 were accompanied by strikes, sabotage, lock-outs and other means often employed in industrial disputes. In 1932, however, the reverse trend set in; three years later, in 1935, the total for the year stood at 1,872, a decrease of some 600 cases as compared with that for 1931. The number of cases accompanied by strikes, sabotage and other means fell to 590, a decrease roughly of 400. In 1936 the upward trend was resumed, with an increase of approximately 100 cases over the total for the preceding year. In 1937 the same trend became pronounced; from the situation that prevailed in the first half of that year it appeared as though the figures for the whole year would exceed by far the peak reached in 1931. The outbreak of the North China Incident in July, however, rendered the figures for the latter half of the year extremely low.

These trends, when carefully analysed, clearly indicate important developments in the social, economic and ideational life of the Japanese people. The downward trend in the 1932–35 period can be attributed chiefly to the circumstances centring around the Manchurian Incident which broke out in September, 1931. That the incident served as the basic factor in bringing about a radical change in the thinking of the nation which can be characterized as the rising tide of nationalism is a well-known fact. This ideational change in turn reacted upon the guiding principles of labour movements causing them to modify substantially their policy of provoking disputes, which had been utilized as constituting a wing of the social movement,

and in consequence gradually developed among them a tendency toward industrial cooperation.

The effect of the boom in the munitions industry and the prosperity enjoyed by exporting industries on account of the depreciation of Japanese currency following the reimposition of the gold embargo formed another important factor in bringing about this change in the general attitude of labour. At the same time a change is to be noted in the nature of the disputes, a change for moderate demands and actions. The upward trend in labour disputes during the period from 1936 to the first half of 1937, therefore, can be accounted for not as an effect of any further change in the basic ideology on the part of labour or in the guiding principles of the unions but purely as an economic movement for an increase in wages to keep pace with the steady advance in prices. With regard to the causes for the sudden subsequent decline, they can only be explained as an effect of the China Affair and will be discussed more fully later. Here is given a table facilitating the comparative study of trends during the past fifteen years ending in December 31, 1937.

LABOUR DISPUTES, 1923–1937, ACCORDING TO YEARS

Year	All Cases Inclusive			Cases Accompanied by Strikes, Sabotage and Lock-outs		
	Total No. of Cases	Total No. of Workers Involved	Workers Involved per Case	No. of Cases	Workers Involved	Workers Involved per Case
1923	647	68,814	106	270	36,259	134
1924	933	94,047	101	333	54,526	164
1925	816	89,387	110	293	40,742	139
1926	1,260	127,267	101	495	67,234	136
1927	1,202	103,350	86	383	46,672	122
1928	1,021	101,893	100	397	46,252	117
1929	1,420	172,144	121	576	77,444	134
1930	2,290	191,838	82	907	81,362	90
1931	2,456	154,528	63	998	64,536	65
1932	2,217	123,313	56	893	54,783	61
1933	1,897	116,733	82	610	49,423	81
1934	1,915	120,307	63	626	49,536	79
1935	1,872	103,962	56	590	37,734	64
1936	1,975	92,724	47	547	30,900	56
1937	2,122	213,525	101	628	123,730	197

A Survey of the Year 1937

Labour disputes in 1937 increased in an unprecedented degree during the first six months owing to the advance in commodity prices and decreased precipitatedly in the latter months by the impact of the China Affair which awakened in the nation the strong realization

of national crisis and called forth the exaltation of the highest expression of the national spirit. These contradictory trends in labour in terms of disputes clearly show the extreme effects of two important developments in national life, rise in prices and the China Affair, by unequivocally marking the dividing line between the first and the latter half of the year. In setting forth an outline of the situation, therefore, it is necessary to separate the two periods. Before doing so, however, it may not be irrelevant to make a survey of the whole year.

According to the statistics the total number of disputes was 2,121 involving 213,525 workers. Of the total, 628 cases involving 123,730 workers were accompanied by strikes, sabotage and lock-outs. These figures, as compared with those for the preceding year, show an increase of 147 in respect to the total number of cases and of 120,801 in respect to the number of workers involved. The figures representing the cases accompanied by strikes, sabotage and lock-outs show an increase of 81 in respect of cases and of 92,830 with respect to workers involved. Of the above figures those representing the number of workers involved established a new record in Japanese labour statistics, a significant fact which indicates the occurrence of large-scale disputes during the year.

As to occupations represented a situation somewhat similar to preceding years may be discerned to have prevailed during 1937. First on the list stands the manufacturing of machines and tools with 400 cases; second, transportation with 349 cases; third, chemical industries with 293 cases; fourth, dyeing and textile industries with 287 cases; fifth, miscellaneous industries with 280 cases. These are followed by the mining industry with 120 cases, building and engineering industries with 101 cases and the manufacturing of foods and drinks with 85 cases. While in gas and electrical undertakings and communication services few cases are registered, increases are steadily taking place in transportation enterprises which have of late made remarkable development.

When analysed according to the nature of demands the same statistics reveal interesting facts. The number of cases characterized by so-called positive demands, including those for increase of wages, shortening of working hours, freedom or recognition of unions, improvement of equipment and other welfare measures, and dismissal of supervisors, rose to 51 per cent of the total number. Cases of a similar nature occupied but 33 per cent of the total number in 1936. A notable feature here is that, while nearly all cases of positive demands included the demand for increase of wages, that for shorter working hours, which should naturally go side by side with the former demand, remained insignificant in number, despite

the fact that voices are always heard against the overtaxing of labour. This phenomenon, though not an exceptional one in recent years, deserves careful study.

As for the so-called negative demands, including opposition to reduction in wages, demand for payment of wages, opposition to the dismissal of workers, demand for re-employment of dismissed workers, and that for payment of the dismissal or retirement allowance, they represent approximately 34 per cent of the total cases, a decrease of 17 per cent under the preceding year. The remaining 15 per cent of the total number of cases is made up of demands for alteration in and opposition to operating methods and regulations and of similar demands in connection with the methods of computation and payment of wages.

According to classification by localities, Osaka and Tokyo Prefectures take the lead in number of cases with 413 and 399 cases respectively. With respect to the number of workers involved, however, Tokyo stands first on the list. Continuing the regular order of recent years, Aichi[1] Prefecture with 141 cases, Hyogo[2] with 120 cases,

LABOUR DISPUTES, 1937, COMPARED WITH PRECEDING YEARS

		1937	1936	Average preceding five years ending Dec. 31, 1936	1937 totals in per cent of 1936 totals	1937 totals in per cent of the five-year averages
Number of Cases	January	229	137			
	February	291	115			
	March	251	172			
	April	225	153			
	May	326	175			
	June	199	185			
	Total for First Half	1,522	937	865	162	176
	July	166	187			
	August	137	202			
	September	104	185			
	October	76	141			
	November	64	156			
	December	53	137			
	Total for Second Half	600	1,008	1,110	60	54
	Grand Total	2,122	1,945	1,975	109	107
Workers Involved	First Half	186,554	46,466	45,792	401	408
	Second Half	26,971	45,104	65,556	60	41
	Grand Total	213,525	91,570	111,348	237	192

This table is based on returns received on and before Jan. 31, 1938.

1. Nagoya is its principal city.
2. Kobe is its principal city.

Kanagawa[3] with 89 cases, and Fukuoka[4] with 73 cases follow the two above-mentioned urban prefectures with the exception of Gumma Prefecture in which the actual number of cases rose to 145 on account of small-scale disputes among workers in dyeing and textile industries and in civil engineering. In this exceptional case, however, Gumma exceeded Aichi only in the number of cases; in respect of the number of workers involved the latter retained its regular position, with a number three times as large as that of Gumma. Other prefectures, approximately 12 in number, had from 30 to 60 cases; the remaining group had less than 20 each. Shiga and Miyazaki had none during the year.

Rise in the Number of Workers Involved

An upward movement in prices beginning in the preceding year began to show telling effect upon the trend of labour disputes from the outset of 1937. Cases steadily increased month after month, totalling at the close of the first half 1,522 with 186,554 workers involved, of which 481 cases were accompanied by strikes and other means used in labour disputes. These figures, in respect of the number of cases, represent 162 per cent of those for the preceding year and 176 per cent of those of the average for the five years ending in December 31, 1936; with respect to the number of workers involved they represent more than 400 per cent of those for the preceding year and for the five-year average, breaking past records of figures for the first half year. In the number of cases accompanied by strikes, sabotage and lock-outs and that of workers involved, there were also considerable increases over those of the corresponding periods in preceding years, an increase of some 100 per cent in respect of the former number and of some 400 per cent in respect of the latter number.

The foregoing figures serve in reality as a clear account of the rising tide of labour disputes and of the extensiveness in their scale. Analysed according to the nature of their demands, 875 cases representing 57 per cent of the total number were of the positive nature, of which 831 represented a demand for higher wages. On the other hand, the cases of negative demands numbered no more than 445, representing 29 per cent of the total. As for the cases impossible to classify either as positive or as negative demands, they numbered 202, representing 13 per cent of the total.

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3. Yokohama is its principal city.
4. The mining and industrial district in the island of Kyushu.

Sudden Reverse in the Trend

This upward trend would have exceeded the 1931 peak by far, it appears, if nothing had happened to interfere with it. On July 7th, however, the North China Incident broke out and developed subsequently into the present China Affair, creating the state of affairs which precipitously reversed the trend. Thus the total number of cases during the second period fell to 600 and of workers involved to 26,971. The cases accompanied by strikes and other acts too decreased to 147 involving 13,981 workers. These figures, in terms of per cent of those for the corresponding period of the preceding year, represent 60 per cent both in respect of the total number of cases and in respect of that of workers involved; with respect to the number of cases accompanied by strikes and other acts, less than 50 per cent.

With regard to the figures representing the number of workers involved in the last named cases, however, the percentage of decrease was not so great as in other figures. Again, all these figures, when compared with those for the first half of the same year, show a decrease of two-thirds in respect of the total cases and that of six-sevenths in respect of the number of workers involved. With regard to the number of the cases accompanied by strikes and such acts, approximately the same percentage of decrease took place.

Lastly, classification by types of demands reveals another important and interesting fact relating to the bearing of the present Affair upon labour disputes. According to the statistics, 111 cases are of the undefinable type, 213 cases of the positive type such as demands for higher wages, and 276 cases of the negative type such as demands for payment of wages. These figures, in terms of per cent of the figures for the first half year, represent 18 per cent, 36 per cent and 46 per cent respectively. Thus the positive and the negative demands reverse the order in percentage which is only one instance of the differences and contrasts between the first and the second half of the year 1937 in matters of the number of cases of labour disputes and of workers involved therein as well as of their scales and types.

One of the factors bringing out these radical changes in the nature and movements of labour disputes lay, it must be admitted, in the state of lull, if not satiation, that prevailed in the May-June period, a situation created by voluntary steps taken by the operators for higher wages. It is nevertheless certain that the China Affair constituted the principal factor. That this view of the situation is not arbitrary but well-grounded is testified by characteristics found in labour disputes which have broken out since the Affair. They have

mostly been cases related to small-scale plants and institutions where labour conditions are far from satisfactory and to certain industries suffering from depression in their fields. Not only have the cases decreased to an insignificant number but their nature has become increasingly moderate. Consequently, many instances have been reported of late in which disputes have been settled satisfactorily through mutual concessions by both parties, capital and labour.

THE CHINESE CUSTOMS QUESTION

—Statement of the Japanese Government,
dated May 3, 1938—

UNOFFICIAL conversations have been taking place since February between the British Ambassador, Sir Robert Craigie, and the Vice-Minister for Foreign Affairs, Mr. Kensuke Horinouchi, regarding the service of foreign obligations secured on the Chinese Maritime Customs revenue and other relevant matters. As a result of this exchange of views the Japanese Government has notified His Majesty's Government in the United Kingdom of the temporary measures which it proposes to take during the period of hostilities to regulate these matters and has received in reply the assurance that the British Government will, for its part, offer no objection to the application of these measures for the period mentioned.

According to these arrangements, which will be subject to reconsideration in the event of a radical change occurring in economic conditions, all revenues collected by the Customs at each port within the areas under Japanese occupation are to be deposited with the Yokohama Specie Bank. From the revenues thus deposited, foreign loan quotas will be remitted to the Inspector General of Customs in order to meet in full the service of the foreign loans and indemnities secured on the Customs revenue. The service of such foreign loans and indemnities will be treated as a first charge on the revenue, after deducting the maintenance expenses of the Customs Administration and certain customary payments and grants. Foreign loan quotas for each port will be determined monthly in proportion to the share of that port in the total gross collections for all ports during the preceding month.

Arrangements will also be made for the payment to the Japanese Government of the arrears on the Japanese portion of the Boxer Indemnity held at the Hongkong and Shanghai Bank since last September, for the meeting of future payments in respect of the Japanese portion of the Boxer Indemnity and the Japanese share of the Reorganization Loan of 1913, for the repayment of the overdraft incurred by the Inspector General since January in relation to the Shanghai share of the foreign loan service which has been

accumulating in the Hongkong and Shanghai Bank at Shanghai, and for the transfer to the Yokohama Specie Bank of the balance of the Customs accounts with the Hongkong and Shanghai Bank in each port under Japanese occupation and the utilization of this balance for the future service of foreign obligations.

THE SITUATION IN CHINA

I

—ADVANCE OF THE IMPERIAL ARMY—

PRESS SECTION, WAR DEPARTMENT

The Drive on Hsuchow

(From April 19th to May 12th)

THE Japanese Northern Army operating in southern Shantung Province is now making a steady drive on Hsuchow, the junction of the Lung-Hai and Tientsin-Pukow Railways, where the enemy is making a final stand. Chinese troops have made counter-attacks on Japanese positions in various sectors to frustrate the Japanese southward advance, but these have failed.

Some 10 Chinese divisions under Generals Tang En-po, Sun Lien-chung and Chang Tze-chung started a daring move to outflank the Japanese troops in April, but their attempts were counteracted by the Akashiba, Fukuei and Katano detachments which swung to the south of Yihsien and Kuokitsi. These units pushed back the Chinese steadily. Especially successful was part of the Japanese forces which advanced on Lini (Ichow). A salient of the walled town was occupied at 10:15 o'clock on the morning of April 19th; all walls were taken within an hour.

On April 21st, Japanese forces started an attack on Lichiachuang, about 20 kilometres south of Lini, which they reduced without difficulty. The Japanese then pushed further south and took Tancheng, an important town on the southern border of Shantung Province at dawn, April 24th.

Another Japanese detachment succeeded in breaking through the enemy line on April 18th. Following up its victory, this detachment reached the line between Tsishantao, Poshankow and Wangchahu on April 19th. On April 21st, it continued its pursuit of the enemy and reached the line connecting Yuchuang, Liuchuang and Changcheng. Toward evening it occupied Szehuchen in northern Kiangsu Province.

Part of the Japanese Northern Army reduced Szelichungfang, about 16 kilometres west of Tancheng on the southern border of

Shantung Province, on May 4th. The following day it took Wang-tangtsi, about 5 kilometres southwest of Szelichungfang. Another detachment of this army occupied Siaokweichang, 14 kilometres southwest of Tancheng, on May 10th.

A vigorous attack was launched on the enemy position on the Siaoho River, about 12 kilometres south of Tsining, by part of the Japanese troops operating in the lake region in western Shantung Province. After breaking through the enemy position and routing several divisions of Chinese troops, this detachment reached the Kuerh River, about 20 kilometres south of Tsining. It resumed its southern drive on Tayitsi on May 10th.

The Japanese Military Air Force on May 10th visited the Lung-Hai Railway and attacked Chinese troop trains and over a dozen Chinese tanks.

On May 12th, troops of the Japanese Northern Army occupied Yungcheng.

With the Southern Forces

The Chinese, born propagandists, overlook no opportunity for furthering their purpose. When the Japanese Armies are taking a deserved rest following a victory, the Chinese represent the war situation as developing in their favour with special stress on the "significant" inactivity of the Japanese forces. Actually, however, when the Japanese assume the offensive again, they carry everything before them. The Japanese Southern Army is now driving successfully north on the Lung-Hai Railway, while the Northern Army is steadily pushing south on the same line. Thus the Chinese troops in southern Shantung Province are exposed to vigorous Japanese attacks from north and south.

The Nakano detachment in cooperation with the Imperial Navy succeeded in landing near Hohsien and occupied the town without meeting any stiff resistance on the afternoon of April 24th. This detachment continued its western drive and reduced Hanchan on April 26th.

All communication facilities in the neighbourhood were destroyed by the enemy before its retreat. Nothing daunted, however, the Japanese detachment drove further west and took Chaohsien on the eastern shore of Lake Chao on the morning of April 30th.

Part of the Nakano detachment then occupied Hsiako. Defying the muddy road which was a veritable quagmire and the hot weather which registered over 100 degrees Fahrenheit, this detachment on the afternoon of May 3rd reduced Chaokao. It is maintaining its

western drive on Hofei (Luchow) in central Anhwei Province.

Part of the Japanese Southern Army which was advancing north along the southern section of the Tientsin-Pukow Railway reached a line extending west and east of Wangchuangchen on the evening of May 5th, after breaking through the Chinese position on the banks of the Pei Fei River. Toward evening on May 7th, this unit reached the southern bank of the Kwo River.

Another Japanese detachment which drove northwest in concert with this unit dislodged Chinese troops from the northern bank of the Pei Fei River and occupied Shwangchiaotsi and its western district on May 9th, after defeating a separate body of Chinese troops which left no less than 1,600 dead. On May 12th, the Japanese reached Hantsuntsi.

The Japanese detachment which had pushed northwest along the Kwo river succeeded in breaking through the Chinese positions on the northern bank of the Kwo River. This detachment kept up its drive and cut off the highway from Mengcheng to Kuchen on the morning of May 8th. In cooperation with the main body of the Japanese force which had reached a point south of Mengcheng, it succeeded in capturing Mengcheng on May 9th.

Meanwhile a strong Chinese unit was advancing from Fengtai on Mengcheng, but it was met and annihilated by the Japanese troops between Luwangtsi and Lotuchen near the Tze River.

The Japanese troops continued their northern drive and reached the line between Sanyitsi and Tanchengtsi on May 12th. The Japanese vanguard subsequently invaded northeastern Honan Province and occupied Yungcheng.

Clean-up Campaign near Ningkuo and Hangchow

The Japanese garrisons at Ningkuo and Sunchiapu near Sanshanchen and Shihweichen, which is about 8 kilometres south of Wuhu, were each attacked by about 300 Chinese on May 1st, but succeeded in repulsing them with heavy losses.

On April 25th, the Japanese garrison at Hangchow started operations against the Chinese troops which had established a base of operations in the Chingshan plain east of Linan. On April 28th, the garrison succeeded in liquidating the main body of the Chinese 108th division as well as the 61st division.

The Suiyüan Front

(From April 13th to May 13th)

Chinese troops under General Ma Chan-shan which had been active

in the area southwest of Khoho (Suiyüan) crossed the Yellow River during a period from the end of March to the beginning of April and began to menace the Wuchuan district.

The Chinese troops under General Men Ping-yo which had set up a base of operations in the Wuli district acted in concert with the Ma Chan-shan forces and started an eastern drive by bringing strong pressure to bear on the Inner Mongolian troops there.

Meanwhile, the Chinese 86th division which had been severely attacked by the Japanese military air force succeeded in rallying and reorganizing itself, so that it was able to assume a vigorous offensive against the first line of the Inner Mongolians.

In view of the alarming situation, Japanese forces launched a punitive expedition against those Chinese troops on April 15th. The Japanese operations made favourable progress, so that the Ma Chan-shan troops in the Wuchuan district were dealt a crushing blow by a combined attack of the Japanese ground and air forces.

General Ma Chan-shan at the head of only 400 bodyguards fled westward near Yinhao about 20 kilometres east of Kuyang (north of Paotow), hotly pursued by the Ishimaru detachment which succeeded in dealing a further blow to the enemy at a point about 32 kilometres north of Kuyang on April 22nd. General Ma apparently made good his escape with a handful of his retinue, but the Chinese divisional commander Liu Kwei-wu was killed, according to reliable information.

The Haraguchi detachment kept up the chase and occupied Anpei on April 24th. In this engagement, the Chinese left about 330 dead, while about 300 were made prisoner. The Japanese capture included 165 rifles and 231 horses. It is no exaggeration to say that the main body of Ma Chan-shan's troops was annihilated.

Since April 17th when the Japanese forces started a punitive expedition against the Chinese troops near Wuchuan (northwest of Khoho) up to the occupation of Anpei on April 24th, on the Chinese side about 800 men and 450 horses were killed. The Japanese spoils of war included some 280 rifles, 30 light machine-guns and 300 horses, while about 320 Chinese were taken prisoner. The Japanese casualties were 19 killed and 80 wounded.

The remnants of the Chinese troops which attempted to invade the area south of Khoho in concert with those which invaded the area north of Khoho totalled about 9,000, commanded by the Chinese warlords, Fu Tso-yi, Ho Chu-kuo and Ma Chan-shan. They invaded Holinkoerh, about 52 kilometres south of Khoho.

The nearest Japanese garrison promptly launched a punitive expedition against them. On April 30th, the Japanese dislodged the

Chinese troops from their positions near Erhchienfang, about 16 kilometres northwest of Holinkoerh and drove them southward. The Chinese left about 600 dead, 2 mountain-guns and large quantities of other arms and ammunition.

The Japanese followed up their victory and on May 1st captured the Chinese positions in and around Holinkoerh. The enemy was routed in the direction of Tahungcheng.

On April 29th, a surprise attack was successfully made by the Senda detachment on the Chinese Communist troops in the Shanyin, Yinghsien and Hunyuan districts in southern Shansi Province. The enemy left about 110 dead, while the Japanese casualties totalled only 1 killed and 3 wounded.

Activities of the Japanese Military Air Forces

The Japanese Military Air Force visited Sian, capital of Shensi Province, and Sankiaochen in Anhwei Province on May 4th and effectively attacked the airfields there. The Japanese planes all returned to their base in safety.

The Teranishi air unit attacked the Chinese airfield at Kweiteh in northern Honan Province on May 10th. On the way back, this unit of 15 aeroplanes met about 30 Chinese planes of the E 15 type, of which the Japanese succeeded in shooting down 24 in the ensuing air combat.

In the encounter, the Japanese Saito plane crashed into the Chinese leader's plane in mid-air. Both fell to the ground, enveloped in flames. The Shimogata plane made a forced landing on an old riverbed of the Yellow River, but its crew were saved by the Tanaka plane which landed in face of the enemy in order to pick them up. Lieutenant Fukuyama was seriously injured in the air combat, but returned to the Japanese base, where he is making favourable progress, after a series of blood transfusions.

Clean-up Campaign North of the Yellow River

Remnants of the Chinese troops in southern Shantung, northern Honan and southern Shansi Provinces have indulged in the so-called guerilla warfare, of which the Chinese are so proud, but nowhere have they been successful in the face of the systematic, prompt Japanese counter-attacks, as may be seen in the following detailed account.

(1) At dawn, April 15th, about 600 Chinese attacked the Japanese Army Service Corps east of Puhsien in southwestern Shantung Province. At 6:30 o'clock, the same evening, another group of 400

Chinese attacked the same corps. On both occasions the Chinese were repulsed, leaving a total of about 100 dead. The Japanese casualties amounted only to 1 killed and 1 wounded.

(2) On May 6th, about 1,000 Chinese invaded Chenchai near the Yellow River, but were routed after fighting for 7 hours. The Chinese left 760 dead, but the Japanese suffered only 3 killed and 9 wounded.

Another strong body of Chinese invaded Liulukiu, south of Puhsien, on May 9th, but was driven southward after some 500 of its men were killed. Japanese casualties totalled 28.

(3) The Suko detachment dispersed a Chinese guerilla corps which invaded the area southwest of Fengkiu in northern Honan Province on April 12th. This detachment was also successful in attacking the enemy position on an island in the Yellow River. On April 15th it defeated another guerilla corps southeast of Fengkiu.

(4) The Japanese garrison at Sinsiang in northern Honan Province routed some 3,000 Chinese in the district northeast of Sinsiang on April 19th. The enemy left about 200 dead, while the Japanese casualties totalled only 5.

(5) The Inouye detachment defeated about 400 Chinese soldiers including some "Red Spear" bandits north of Hwaiking in northern Honan Province on April 25th. The Japanese casualties were 1 killed and 4 wounded, while the capture included 50 rifles, 1 light machine-gun, 150 spears and 50 Chinese swords.

(6) The Japanese garrison at Menghsien in northern Honan Province was attacked by about 1,500 Chinese on April 10th. The latter were routed after a 3-hour engagement. The enemy left about 300 dead; on the Japanese side only 4 were wounded.

(7) During the same period, the Japanese garrison at Tsiyüan in northeastern Honan Province was attacked by some 3,000 Chinese who were routed after fighting for 8 hours. The enemy left about 500 dead and large quantities of arms and ammunition. The Japanese casualties numbered 10 killed and 49 injured.

(8) Early in April, the Japanese garrison at Pinglu in southwestern Shansi Province dispersed 3,000 Chinese who left 600 dead, 2 trench-mortars, 9 light machine-guns and 120 automatic rifles. On the Japanese side, 9 were wounded.

On April 12th and 13th, the same Japanese troops routed about 9,000 Chinese between Pinglu and Anyi. On the morning of April 18th, they defeated some 400 Chinese north of Pinglu. The enemy soldiers belonged to the 132nd division. 130 Chinese were killed, including a company commander. The Japanese captured 8 light machine-guns, 65 rifles, 1 trench-mortar and large quantities of arms

and ammunition.

Later in the day the Japanese garrison at Pinglu was again attacked by the enemy which was routed with heavy losses. The Chinese left about 250 dead, including the commanders of a batallion and a company. In the two engagements on April 18th, the Japanese lost 19 men ; 13 were wounded.

On April 19th, about 1,700 Chinese attacked this Japanese garrison, but were repulsed with heavy losses. The enemy left 482 dead, while the Japanese casualties included 1 killed and 4 wounded. The Japanese captured 14 light machine-guns and large quantities of arms and ammunition.

(9) On April 10th, the Japanese garrison at Juicheng in southwestern Shansi Province started operations against some 5,000 Chinese soldiers belonging to the 28th and 125th divisions and succeeded in dispersing them by the evening of April 12th.

(10) The Japanese garrison at Puchow, the southern terminus of the Tatung-Pukow Railway, engaged about 1,000 well-armed Chinese soldiers on April 14th. The following day, the garrison succeeded in routing them after fierce fighting. The enemy left about 150 dead while the Japanese casualties totalled 3 killed and 9 wounded.

On April 22nd, about 2,000 Chinese again attacked the Japanese garrison. The enemy left about 300 dead, while the Japanese casualties totalled 14. The enemy belonged to the Chinese 61st division, which was attempting to recapture Puchow which had been a source of supply for their provisions.

Again on April 24th, the enemy staged another attack on the Japanese garrison at Puchow, but was repulsed. The Chinese were some 5,000 strong and offered stiff resistance, but fled before a fierce Japanese counter-attack, leaving about 200 dead. The Japanese casualties were 1 killed and 10 injured.

On May 2nd, several thousand Chinese again attacked the same Japanese garrison. The numerical strength of the enemy steadily increased with the arrival of reinforcements. Their present strength is estimated at 8,000. To meet them, the Kumagai detachment and other fresh troops have dashed to Puchow. With the fresh reinforcements, the Japanese garrison at Puchow is now vigorously counter-attacking the Chinese invaders.

(11) The Japanese garrison at Jungho in southwestern Shansi Province was attacked by about 2,000 Chinese on April 10th, but repulsed them with heavy losses. The enemy left about 200 dead, while on the Japanese side only one man was wounded.

Part of the Japanese force encountered and defeated about 1,000

Chinese in the area southeast of Jungho on the afternoon of April 17th, while moving from Yüncheng to Jungho. This detachment entered Jungho on April 18th.

The Japanese garrison at Jungho attacked and routed some 1,000 Chinese soldiers 12 kilometres south of Jungho on May 5th. The enemy left 148 corpses, including that of a company commander, 58 rifles, 2 light machine-guns and a large quantity of ammunition. The Japanese casualties included 6 killed and 12 wounded.

(12) The Japanese garrison at Hotsin in southwestern Shansi Province attacked and dispersed about 300 Chinese in a mountain-pass at Yumenkow, north of Hotsin, on April 11th. About 700 Chinese attacked Hotsin, but were repulsed with heavy losses. The enemy belonged to the Chinese 42nd, 176th and 64th divisions. In these engagements, the enemy left about 850 dead, 8 automatic rifles and 450 ordinary rifles. The Japanese casualties included 6 killed and 17 wounded.

On April 13th, the Japanese garrison attacked and dispersed about 2,000 Chinese north of Hotsin. The enemy which belonged to the Chinese 42nd and 54th divisions left about 30 dead, 130 rifles and a large quantity of ammunition. The Japanese suffered no casualties.

The Nakayama detachment started from Hotsin on May 4th to free the region south of the Fen River from remnants of Chinese troops. This unit routed about 200 Chinese at a point 16 kilometres southeast of Hotsin.

(13) About 4,000 Chinese attacked the Japanese garrison at Siangsiang in southwestern Shansi Province at midnight, April 10th, but were repulsed with heavy losses after hot fighting. The enemy left about 500 dead, 1 trench-mortar, 15 automatic rifles and 12 machine-guns. The Japanese casualties included 10 killed and 28 injured.

At dawn, April 13th, the Japanese garrison attacked and dispersed a large body of Chinese belonging to the 61st, 15th and 85th divisions. The enemy left about 300 dead, while the Japanese casualties were only 1 killed and 3 wounded.

(14) The Japanese garrison at Kuwo in southwestern Shansi Province completed its military operations in the Icheng district northeast of Kuwo on April 24th. The Japanese defeated about 1,500 Chinese troops in 6 major engagements.

(15) The Japanese garrison at Lishih in western Shansi Province was repeatedly attacked by some 2,000 Chinese on and after the evening of April 24th. On each occasion, the Chinese were repulsed with heavy losses. The enemy left about 300 dead.

Part of the garrison attacked and routed 2,000 Chinese at a point 8

kilometres east of Lishih on April 26th. The enemy which belonged to the 427th brigade of the 71st division offered stiff resistance, but were forced to flee both to the north and south, leaving 277 dead.

On April 28th, the Japanese garrison was attacked by Chinese troops again, who were repulsed on May 1st. The enemy, however, made another attack on the garrison and severe fighting was in progress at the time of writing.

(16) The Japanese garrison at Chungyang in western Shansi Province began engagements with a large body of Chinese troops belonging to the 19th Army under General Wang Ching-kuo on April 26th.

(17) The Japanese garrisons at Fenyang and Wenshui in southern Shansi Province dispersed the enemy at a height west of Wenshui. The enemy left about 60 dead, but the Japanese suffered no losses.

(18) Early on the morning of April 25th, the Mano detachment drove west from Hwohsien and occupied Fensi, after a fierce 6-hour fight with 6,000 Chinese near Fensi. The enemy belonged to the 84th and 74th divisions which frequently molested the railway near Hwohsien. The Chinese fled toward Sihsien, leaving about 300 dead.

(19) The Japanese garrison at Ichow on the Tatung-Puchow Railway encountered about 1,000 Chinese on May 4th, while advancing on Tingsiang. After severe fighting for 5 hours, the garrison defeated the Chinese which belonged to the newly-organized 2nd division.

(20) On May 2nd, the Japanese garrison at Tangyin on the Peking-Hankow Railway attacked some 2,000 Chinese which had taken up positions at a point 24 kilometres west of Tangyin, and routed them with heavy losses.

Clean-up Campaign Against Communist Forces

The mountainous region in southwestern Shansi Province including Yushe, Wusiang and Tsinhsien had been infested by Chinese Communist forces for some time. Taiku, south of Taiyüan, capital of Shansi Province, was attacked by them at one time.

A clean-up campaign started by the Japanese Army on April 7th against the Communist troops was successfully concluded by the middle of April. The Japanese encircled the Communist-ridden region and reduced important towns one after another.

From April 7th up to April 17th, the Chinese Communist troops which engaged the Japanese forces aggregated about 40,000 men, consisting for the most part of Communist regulars under Generals Chu Teh and Tseng Wan-chung. They were severely defeated

by the Japanese forces, and were dispersed after leaving about 4,000 dead. Remnants of the Chinese Communist troops have fled to outlying districts, where, however, it is impossible for them to rally. An outline of the clean-up campaign against the Communist troops is given below.

(1) The Suzuki detachment drove north from Sihsien and took Shilu at 2 o'clock in the afternoon on April 2nd. This detachment continued its northern push on Yungho, which it reduced at 9 p.m., April 4th, after dislodging about 4,000 Chinese which had entrenched themselves north of Yungho. The enemy belonged to the 70th division and the 8th Route Army. Most of them fled into Shensi Province by crossing the Yellow River at a point west of Yungho. The Japanese Military Air Force pursued them, dealing out heavy losses.

On April 5th, the Suzuki detachment attacked the Chinese position at a point about 20 kilometres southeast of Yungho, which it succeeded in reducing the following evening. The enemy left about 250 dead, 30 mountain-guns, 30 trench-mortars, 30 machine-guns, 200 rifles, 25 automatic rifles, 20 horses and large quantities of ammunition. The Japanese casualties numbered only 1 killed and 10 wounded.

The Suzuki detachment engaged Chinese troops in the Sihsien, Shilu and Yungho districts on five occasions from March 28th to April 6th. The Chinese forces whose numerical strength aggregated about 20,000 men left 1,600 dead. Japanese casualties were negligible.

Part of the Suzuki detachment, on April 5th, made a surprise attack on the Chinese Communist "death-band," about 1,000 strong, which had taken up positions at a height south of Howmachen. The detachment succeeded in routing the Communist band. Only 3 Japanese were wounded.

Another part of the detachment routed about 700 Chinese which had invaded Mengchengchen. The enemy, which belonged to the Chinese 83rd Division, left about 60 dead.

(2) The Matsui detachment, after reducing Chungyang on March 21st drove south toward Shilu. On the way, the detachment dispersed about 1,000 Chinese at Shemingku on April 1st. The following day it defeated about 150 Chinese soldiers at Hantsun. In the two engagements, the enemy left about 60 dead, including a regimental commander. The Japanese suffered 4 wounded, but captured 2 motor-lorries and several automatic rifles.

(3) The Yamazaki detachment entered Shilu on April 3rd. Prior to that, this detachment dispersed about 200 Chinese soldiers at Siatienchuang on April 1st and another 100 near Shilu on April

2nd.

On April 7th, this detachment encountered about 700 Chinese at Shwangchihchen and dispersed them, after a 4-hour fight. The enemy left about 200 dead, while the Japanese suffered only 1 killed.

(4) The Koito detachment began operations from Linfen on April 2nd and reduced Antze, after dispersing about 500 Chinese near that town on April 4th and 600 more north of it the same day. The enemy left no less than 150 dead.

Part of this detachment followed up its victory and dispersed about 2,000 Chinese at Kuyang on April 6th and 500 Chinese near Hangyi at 8 p.m., April 7th. Early in the morning on April 8th, it succeeded in reducing Tsinyüan, one of the important bases of the Communist troops. The enemy left about 900 dead, but the Japanese casualties were negligible.

On the way back from Tsinyüan on April 15th, the Koito detachment attacked the Chinese troops which had established positions near Hochuanchen, about 28 kilometres south of Tsinyüan, and succeeded in dislodging them the following day. Pursuing the Chinese to the west, this unit overtook them at a point 8 kilometres west of Tsinyüan, dealing them a crushing blow.

(5) The Kudo detachment, early on the morning of April 8th, dislodged some 600 Chinese from their strongly-built positions southwest of Siangyüan which is situated approximately 32 kilometres west of Licheng. Following up its victory, at 8 o'clock on the same evening this detachment reduced Siangyüan itself, after fighting for 4 hours against a strong body of Communist troops armed with trench-mortars and machine-guns. Siangyüan was one of the most important bases of guerilla warfare for the Chinese Communist forces in Shansi Province.

The enemy forces in the Siangyüan area were about 3,000 strong, belonging to the Chinese 12th and 178th divisions. They left about 300 dead, 50 rifles, 9,500 rounds of ammunition, 50 hand-grenades, and large quantities of clothing and provisions.

On April 10th, the Kudo detachment swung north and dispersed about 2,000 Chinese which had established positions at a point 8 kilometres north of Siangyüan. On April 12th, the detachment reached the area southwest of Liaohsien. On April 16th, it attacked some 2,000 Chinese which had taken up positions at a point about 8 kilometres northeast of Siyingchen, and drove them southward with heavy losses. The enemy which belonged to the 3rd Army under General Tseng Wan-chung left about 350 dead.

(6) Those Japanese forces which advanced from Luan and Tunliu occupied Tsinhsien, another important base for the Chinese Com-

munist regulars, on April 10th, after clearing Yuwachen and Hutungchen of the remnants of Chinese troops on the way.

On April 12th, they reached Wusiang. The following day, they reduced Yushe, a vital base for the Chinese Communist forces.

On the way back to Luan from Yushe, they were attacked by about 20,000 Chinese east of Wusiang. Severe fighting lasted for 7 hours. The Japanese succeeded in driving the enemy to the northeast, after dealing them a crushing blow, though a veritable mêlée prevailed for a time. The enemy which belonged to the Chinese 12th, 115th, 129th, 89th, 62nd and 94th divisions left about 2,000 dead. This was the largest and most effective battle successfully conducted by the Japanese forces against the Chinese Communist troops in the recent clean-up campaign.

(7) One Japanese detachment advanced north from Shehsien to eliminate remnants of Chinese troops as well as Communist regulars, while another detachment pushed west from Shunteh. On April 14th, they purged Chinkaochen and Hwangyu.

(8) The Japanese force which drove south from Pingting succeeded in occupying Liaohsien, a Communist base at 9 o'clock on the morning of April 12th. After cooperating with the Japanese troops which had been operating in Kuaierhchen, this force began campaigns in Hoshun and Hsiyang.

(9) The Ishida detachment which pushed south from Taiku routed about 1,200 Chinese at Siaohungchen on April 10th. This detachment then attacked a strong body of Chinese troops which had taken up positions south of Siaohungchen.

(10) Another Japanese detachment dealt a crushing blow to some 200 Chinese soldiers near Changtienchen (about 20 kilometres southwest of Luan) and to 800 Chinese soldiers at a height about 4 kilometres south of Changtienchen on April 26th. The enemy left approximately 100 dead, but the Japanese suffered no losses.

II

FORCES OF THE IMPERIAL NAVY IN ACTION

PUBLICITY BUREAU, NAVY DEPARTMENT

The Naval Air Force in China

REPEATED attacks made by Japanese naval aeroplanes have disorganized the Chinese Air Force which is on the verge of collapse. It has been given no opportunity to rally and reorganize itself. Some planes are still being imported into China and foreign aviators are being engaged by the Chiang Kai-shek Government, but all this is not sufficient to reconstruct the Chinese Air Force on a solid basis. All propaganda concerning the so-called successful reorganization of Chinese aviation is but an assumption of false power.

The vigorous and accurate attacks from the air by Japanese aviators have resulted not only in the destruction of Chinese air bases one after another, but also in the loss of a large number of superior foreign planes, including those of Soviet manufacture and the Gloucester Gladiators of British make, which have been shot down by the Japanese in aerial combat.

First-hand information concerning the accuracy of Japanese air attacks has been given by foreign correspondents in China who have witnessed Japanese raids. These newspapermen report that Japanese air attacks are directed solely against military establishments and never against private houses, so that the general public pursues business as usual even during Japanese air raids.

Mr. Vincent Schmidt, an American aviator who was a member of the Foreign Air Legion of China, in a press interview at Singapore on his way home from that country via Europe paid tribute to Japanese aviation for the bravery of its pilots and the superior quality of its aeroplanes.

Mr. Schmidt stated that the aeroplanes of the Japanese Naval Air Force are not only somewhat better than the planes used by him but that the Japanese Naval Air Force is the strongest in the world, skilled in air combats and bombing and experienced in aerial warfare. Mr. Schmidt cited a Japanese raid on Hankow as an instance. He recalled that the Japanese raiders dropped bombs from a height of about 2,000 metres, all of which hit the hangars or aeroplanes in the Hankow airfield, destroying over 30 aeroplanes in a single raid. Mr. Schmidt testified that not a single Japanese bomb

hit outside the airfield, nor was a single civilian killed by a Japanese bomb.

An outline of the activities of the Japanese Naval Air Force in China, from April 7th to May 1st is given below.

April 7th Central China: Ichang and Sinyang were visited where the airfields were attacked. On the way back, the Japanese naval planes met several Chinese pursuit planes at a point about 30 kilometres east of the Peking-Hankow Railway and shot down three of them.

South China: The airfield at Meihsien was attacked with the result that two hangars and one large building were damaged. The airfields at Tienho, Tsunghua and Pokwan were attacked. The Japanese raiders also attacked goods trains near Sitsun on the Canton-Hankow Railway. Hulishe Fort on Amoy Island was also bombed.

April 8th North China: Several Japanese naval planes attacked the Chinese positions at Lini in southern Shantung Province, in cooperation with the Army.

South China: A Japanese naval air unit visited Wongshek on the Canton-Hankow Railway and attacked goods trains near there. It also bombed the railway between Sitsun and Kongtsun. The airfield at Tienho was again raided where approximately 10 Chinese planes were bombed and burned. The explosives depot at the Tsunghua airfield was bombed and destroyed. Hulishe Fort was bombed again.

April 9th North China: A Japanese naval air unit visited Haichow, the eastern terminus of the Lung-Hai Railway and attacked Chinese troop concentrations and goods trains.

South China: Wongshek on the Canton-Hankow Railway was raided; several goods trains were bombed, while the airfields at Meihsien and Changchow were attacked.

April 10th North China: A naval air unit attacked the military establishments at Jungcheng at the eastern extremity of Shantung Peninsula which had been turned into a base of operations by bandits. It also bombed the Chinese positions at Lini in southern Shantung Province in cooperation with the Japanese Army.

Central China: Changsha, capital of Hunan Province, was raided and the Chinese military establishments there, including those for military administration, were bombed and burned.

South China: Laitung and Pakonghow on the Canton-Hankow Railway were visited. Railway bridges south of Wushek and Shakow were bombed. The airfield at Pokwan near Canton was attacked, while Hulishe Fort on Amoy Island was bombed again.

April 11th Central China: The airfield at Chuchow was attacked.

South China: The airfields at Tsunghua, Lungyen and Meihsien were attacked, while the railway track near Yinchangyao was bombed.

April 12th North China: A Japanese naval air unit visited Mowping and attacked Chinese troop concentrations at a point about 30 kilometres south of Mowping.

Central China: Another naval unit visited Lishui and Ningpo and bombed the local airfields. Several hangars and military barracks were bombed. Taking advantage of the moonlight, the airfields at Nanchang and Hankow were bombed in a night flight.

South China: The airfields at Foochow and Kien-ow were bombed as were the airfields at Changchow and Chaochow.

April 13th North China: A Japanese naval air unit visited Haichow, the eastern terminus of the Lung-Hai Railway, and bombed the Chinese military establishments there.

South China: The airfields at Tienho and Pokwan near Canton were bombed. The Japanese raiders, in an ensuing aerial combat brought down 15 out of over 20 Chinese pursuit planes over Pokwan. The airfields at Chuchow, Wenchow, Foochow and Changchow were also bombed.

April 14th South China: A naval air detachment visited Kumha on the Canton-Hankow Railway and bombed the bridges and lines of communication there. The same unit also visited the Canton-Kowloon Railway and destroyed the railway bridge at Sheklung. The airfields at Tienho and Pokwan were bombed.

April 15th North China: Several Japanese naval planes visited Kusien, about 20 kilometres west of Chefoo, and attacked Chinese troop concentrations.

Central China: The airfield at Nanchang was raided and bombed by Japanese naval planes at night with the result that fires broke out at three places.

South China: The Canton-Hankow Railway lines between Laitung and Wongshek and tracks of the Canton-Kowloon Railway near Sheklung were bombed and destroyed.

April 16th South China: Japanese naval planes visited the Canton-Hankow Railway and bombed the bridges near Wushek, Shakow, Pakonghow and Hotow. The same planes also raided the Canton-Kowloon Railway and bombed the tracks between Changmutow and Tutang.

April 17th North China: Several Japanese naval planes visited Lini in southern Shantung Province and attacked Chinese troop concentrations in and round that city.

Central China: Three raids were made on Hankow before dawn; the airfield was bombed.

South China: A Japanese naval air unit visited the Canton-Hankow Railway and attacked Chinese military establishments around Wushek Station and goods trains near Sitsun Station. It also bombed munition depots and hangars north of Yintak, destroying railway tracks and bridges. Several Japanese naval planes raided Canton and bombed and blew up the military arsenal northeast of the city.

The airfield at Pokwan near Canton was attacked with the result that several buildings were destroyed.

April 18th North China: Naval planes again raided Lini in southern Shantung Province and attacked Chinese troop concentrations. A gunpowder dump was bombed and exploded.

Central China: Night raids were made on Hankow, Wuchang and Siaokan whose airfields were attacked. An attack was also made on the aerodrome at Changshuchen in Kiangsi Province where many buildings were destroyed.

South China: Several Japanese naval planes visited the Canton-Hankow Railway and attacked and destroyed goods trains, railway bridges and tracks north of Yingtak. The Chinese military arsenal at Pakonghow was attacked and damaged by the Japanese raiders, who dropped scores of bombs on the building.

April 19th North China: A Japanese naval air unit visited Lini in southern Shantung and bombed the Chinese field artillery base. It also raided Likiachuang.

Central China: Wongsha Station on the Canton-Hankow Railway was bombed. The Canton-Kowloon railway was visited and the Chinese military establishments near Kumha were bombed.

April 21st Central China: Naval planes flew over Tatung, up the river from Wuhu, and bombed the Chinese military positions there, inflicting severe damage to them.

South China: The Canton-Kowloon Railway was visited and the railway track and bridge near Sheklung were bombed.

April 23rd South China: Despite adverse weather conditions, several Japanese naval planes reconnoitred the Canton-Hankow Railway and bombed Chinese goods trains between Pakonghow and Chuntien and also the gunpowder dump at Whampoa, which was blown up. A large-sized junk loaded with munitions was bombed and sunk off Saikonghow.

April 24th North China: The Japanese Naval Air Force attacked Chinese troop concentrations near Wenteng and dealt them heavy losses.

South China: The Canton-Hankow Railway was attacked at Yinchanyao, where locomotives and goods trains were bombed.

April 25th Central China: Several Japanese naval planes visited Chuchow and bombed the airfield where several buildings were destroyed.

April 26th North China: In cooperation with the ground forces, a naval air unit attacked several Chinese positions in southern Shantung Province inflicting much damage.

Central China: Naval planes flew over Kweiteh on the Lung-Hai Railway and bombed several troop trains in the vicinity.

South China: The Canton-Kowloon Railway was raided between Changping and Tutang where tracks and bridges were bombed. The airfield at Foochow was attacked.

April 28th North China: Several Japanese naval planes attacked Chinese bandits near Chefoo and Weihaiwei and routed them.

Central China: Hsuchow, the junction of the Lung-Hai and Tientsin-Pukow Railways was reached by Japanese naval planes which bombed the Chinese military establishments and troop trains there.

South China: Several airfields were attacked by Japanese naval planes, including one at Meihsien where two buildings were destroyed, one at Lungyen, where three large-sized planes were destroyed and another at Tsunghua, where several hangars were destroyed. Nanningkuo in Kwangsi Province was attacked with the result that the Chinese troop concentrations there were seriously jeopardized.

April 29th Central China: On the occasion of the Emperor's Birthday, scores of Japanese naval planes flew over Hankow in formation. A severe air combat took place between the Japanese raiders and over 80 Chinese planes which had been standing by. Depending on their far superior numerical strength, the Chinese planes challenged the Japanese raiders, who, however, succeeded in bringing down 51 Chinese planes, the heaviest loss ever inflicted on Chinese aviation in a single air combat since the outbreak of the China Affair.

The Japanese raiders also bombed the Chinese military arsenal at Hanyang, where three buildings were burned.

South China: Several Japanese naval planes raided Pokwan near Canton and bombed the airfield. These planes also visited Tsunghua and bombed the local airfield where several hangars were destroyed.

April 30th Central China: The Japanese Naval Air Force flew over Chuchow, bombing the aerodrome. It also raided Kweiteh on the Lung-Hai Railway where Chinese military establishments and goods trains were bombed.

South China: Several Japanese naval planes raided Nanningkuo

and attacked the Chinese military base there, inflicting heavy losses on the Chinese troops. The airfield at Changting in Fukien Province was also attacked.

May 1st North China: In cooperation with ground forces, Japanese naval planes attacked and bombed Chinese lines of communication at several important points.

South China: A naval air unit visited the Canton-Hankow Railway and bombed goods trains and railway tracks near Laitung as well as some locomotives near Lienkonghow. Chinese lines of communication were interrupted at such important points as Pitsun, Hohsu and Tsengcheng.

Chinese Losses in Aviation

Since the beginning of hostilities, the Japanese Naval Air Force has shot down in aerial combats and destroyed on the ground a total of 948 Chinese planes, excluding those destroyed together with hangars and those destroyed in night air raids up to May 1st. Japanese losses have totalled 82 planes.

Detailed figures concerning the Chinese losses follow:

	Confirmed	Unconfirmed	Total
Shot Down in Aerial Combats...	398	50	448
Destroyed on the ground	448	52	500
Total.....	846	102	948

LAWS AND ORDINANCES RECENTLY PROMULGATED

PRIME MINISTER'S CABINET

Treaty of Friendship, Commerce and Navigation between Japan and Siam

(Treaty No. 2 of March 9, 1938)

This Treaty has as its purpose a revision of the Treaty formerly existing between Japan and Siam with a view to fostering friendly relations between the two countries. Ratifications of the revised Treaty were exchanged at Bangkok, on March 7th; it went into force the same day.

Imperial Ordinance Annulling Ordinance No. 5 of 1908 Concerning Police Officers Attached to Consulate-General of Japan in South Manchuria

(Imperial Ordinance No. 108 of March 11, 1938)

Police officers of the Kwantung Government were hitherto detailed at the Japanese Consulate-General in South Manchuria. The abolition of Japan's extraterritoriality and the transfer of the administrative rights over the South Manchuria Railway Zone have rendered unnecessary further stationing of Japanese police officers in Manchoukuo. Hence, the annulling of the provisions.

Amendments to Regulations Concerning Refining of Gold and Silver Bullion and Certificates of Fineness

(Imperial Ordinance No. 117 of March 16, 1938)

For the purpose of facilitating receipt by the Mint of bullion sent for refining or for certificates of fineness, and to obviate any possible hindrances to the increase of gold production, these Amendments prescribe abolishing the practice hitherto in force of suspending receipt of bullion at the Mint for a stated period of time.

Law Concerning Mutual Aid between Japan and Manchoukuo Pertaining to the Administration of the Law

(Law No. 26 of March 26, 1938)

As a result of the abolition of extraterritoriality in Manchoukuo, it has become necessary to undertake mutual aid between Japan and that country in the administration of the law. The present Law provides that the law courts and public procurators' offices in Japan may, when commissioned by the law courts and public procurators' offices in Manchoukuo, in respect both of civil and criminal cases, undertake the forwarding of documents relating to lawsuits, the gathering of evidence, the search for criminals, the service and execution of summons and of warrants of arrest to suspects or defendants, and otherwise to render juridical aid in the matter of the execution of judgment in criminal cases. The law courts and public procurators' offices in Japan may, on their part, make requests to the respective offices in Manchoukuo on these matters.

Law Concerning Development of Petroleum Resources

(Law No. 31 of March 28, 1938)

In view of the present state of liquid fuel supplies in this country, it is of paramount importance both for defence and industry to insure adequate supplies of petroleum. For this purpose, the promotive measures hitherto in force concerning trial borings for petroleum will be augmented so that development of the existing petroleum resources may be carried on in a more economical and rational way. Under the present Law, the Government is empowered, where necessary, to enjoin greater cooperation and concerted endeavour on the part of persons engaged in petroleum mining and to command them to proceed with trial borings. When necessary for military purposes, the Government may order these persons to restrict or increase production, as deemed advisable.

Law Concerning the Japan Gold Production Development Company

(Law No. 36 of March 29, 1938)

With a view to increasing gold production, this Law provides for the establishment of the Japan Gold Production Development Company of semi-official character, with capital of 50 million yen. The business of the Company will consist in supplying the necessary capital for increasing gold production and for operating refineries, primarily for gold ores of inferior grades. The Company is authorized to issue debentures up to an amount five times as large as the paid-up capital. The Government undertakes supervision of the Company's business and guarantees payment of dividends.

Law Concerning Increasing Production of Important Minerals

(Law No. 35 of March 29, 1938)

With a view to increasing the production of important minerals in this time of national emergency, the present Law urges owners of rights in gold mines and alluvial mining to exercise these rights and to hasten adjustment of mining lots located in close proximity. The owners are further required to report their plans for developing those mines and to provide adequate equipment for increasing production whenever called for. The Law provides for the creation of a Commission on Important Minerals for the purpose of referring for its investigation measures relating to ownership rights and to the growth of production. The date of the execution of the Law will be fixed by an Imperial Ordinance.

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